
CHILEAN METALS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Chilean Metals Inc.

Condensed Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ -	\$ 7,438
Amounts receivable	6,294	2,893
Advances, prepaid expenses and deposits	50,697	78,817
Total current assets	56,991	89,148
Non-current assets		
Equipment (note 4)	4,254	4,604
Total assets	\$ 61,245	\$ 93,752
LIABILITIES AND EQUITY		
Current liabilities		
Bank indebtedness (note 15)	\$ 7,014	\$ -
Accounts payable and accrued liabilities (notes 12 and 14)	1,474,096	1,364,224
Due to related parties (note 12)	380,612	380,612
Debentures payable (note 6)	488,925	472,392
Advances from shareholders (note 12)	539,058	477,000
Total current liabilities	2,889,705	2,694,228
Non-current liabilities		
Other liabilities (note 7)	69,554	69,554
Total liabilities	2,959,259	2,763,782
Shareholders' deficiency		
Issued capital (note 8)	56,307,489	56,307,489
Contributed surplus	3,608,887	3,608,887
Warrants (note 10)	728,200	728,200
Deficit	(63,542,590)	(63,314,606)
Total shareholders' deficiency	(2,898,014)	(2,670,030)
Total liabilities and shareholders' deficiency	\$ 61,245	\$ 93,752

Nature of operations and going concern (note 1)

Commitments and contingencies (notes 5, 6)

Subsequent events (note 15)

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)**

	Three months ended March 31,	
	2020	2019
Administrative expenses		
Administration fees (note 12)	\$ 87,053	\$ 78,075
Amortization (note 4)	350	315
Interest (note 6)	38,462	23,162
Exploration expenditures (note 5)	16,099	16,324
Foreign exchange gain	12,517	2,053
Investor relations	28,125	55,769
Office and miscellaneous	1,772	4,042
Professional fees (note 12)	34,336	30,044
Transfer agent and regulatory	2,817	7,775
Travel, promotion and mining shows	6,453	144
Net operating loss before other items	(227,984)	(217,703)
Net loss and comprehensive loss for the period	\$ (227,984)	\$ (217,703)
Basic and diluted net loss per share (note 11)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted (note 11)	14,161,976	14,161,976

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.**Condensed Consolidated Interim Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)**Three months ended**
March 31,
2020 **2019**

Operating activities

Net loss for the period	\$	(227,984)	\$	(217,703)
Items not affecting cash:				
Amortization		350		315
Accrued interest		33,591		22,446
Non-cash working capital items:				
Amounts receivable		(3,401)		(19,299)
Advances, prepaid expenses and deposits		28,120		4,310
Accounts payable and accrued liabilities		109,872		(26,082)
Net cash used in operating activities		(59,452)		(236,013)

Financing activities

Advances from shareholders		45,000		300,000
Overdraft		7,014		-
Net cash provided by financing activities		52,014		300,000
Net change in cash		(7,438)		63,987
Cash, beginning of period		7,438		29,960
Cash, end of period	\$	-	\$	93,947
Supplemental disclosures				
Expiry of options	\$	-	\$	28,320

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.**Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)****(Expressed in Canadian Dollars)****(Unaudited)**

	<u>Common Shares</u>		Shares to be issued	Contributed Surplus	Warrants	Deficit	Total
	Number	Amount					
Balance, December 31, 2018	14,161,976	\$ 56,307,489	\$ -	\$ 3,811,387	\$ 971,731	\$(62,569,941)	\$ (1,479,334)
Option expiry	-	-	-	28,320	-	(28,320)	-
Net comprehensive loss for the period	-	-	-	-	-	(217,703)	(217,703)
Balance, March 31, 2019	14,161,976	\$ 56,307,489	\$ -	\$ 3,839,707	\$ 971,731	\$(62,815,964)	\$ (1,697,037)
Balance, December 31, 2019	14,161,976	\$ 56,307,489	\$ -	\$ 3,608,887	\$ 728,200	\$(63,314,606)	\$ (2,670,030)
Net comprehensive loss for the period	-	-	-	-	-	(227,984)	(227,984)
Balance, March 31, 2020	14,161,976	\$ 56,307,489	\$ -	\$ 3,608,887	\$ 728,200	\$(63,542,590)	\$ (2,898,014)

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2020 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of operations and going concern

Chilean Metals Inc. (the "Company" or "Chilean") is a mineral exploration company and is in the business of acquiring and exploring mineral properties in Chile. During the three months ended March 31, 2020, the Company ceased its exploration efforts in Nova Scotia. Subsequent to March 31, 2020 the Company signed a non-binding letter of intent to invest in a land package in Mauritania held by Aura Energy Limited. See subsequent events. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V"), and Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at the Canadian Venture Building, 82 Richmond Street East, Suite 202, Toronto, Ontario, M5C 1P1. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

In July 2019, the Company completed a share consolidation of all outstanding commons shares on a rollback basis of one post-consolidation common share for every two point five pre-consolidation common shares. All references to the number of shares, warrants, options, exercise price, and per share information has been restated to reflect the effect of the share consolidation, unless otherwise noted.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The Company's Chilean mineral property maintenance payments are in arrears (see note 14) and as a result, the Copiapó Court has been notified by the General Treasury of the Republic of Chile. The Copiapo Court may initiate the auction of the properties. If the Company's claims are put up for auction the Company, as concession holder, is not allowed to place bids on its claims under auction; however, the concession holder may remove a concession from auction by paying the penalty amount which is equal to double the patent amount outstanding. Accordingly, there is a risk that the Company will not be able to retain title to its mineral claims in Chile (see note 5).

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three months ended March 31, 2020, the Company incurred a net loss of \$227,984 (three months ended March 31, 2019 - \$217,703). As at March 31, 2020, the Company has incurred significant losses since inception totaling \$63,542,590 (December 31, 2019 - \$63,314,606). As at March 31, 2020, the Company has a working capital deficiency of \$2,832,714 (December 31, 2019 - \$2,605,080); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2020 (Expressed in Canadian Dollars) (Unaudited)

2. Basis of presentation

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020, including comparatives, have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. These unaudited condensed consolidated interim financial statements may not include all information and note disclosures required by IFRS for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020, were approved and authorized for issue by the Company's Board of Directors on July 16, 2020.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant accounting policies

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of July 16, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the annual consolidated financial statements as at and for the year ended December 31, 2019, except as noted below.

New standards adopted

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no material impact as a result of the adoption by the Company of this standard.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

3. Significant accounting policies (continued)

New standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Equipment

Cost

	Field equipment	Furniture and office equipment	Total
Balance, December 31, 2018	\$ 83,278	\$ 123,676	\$ 206,954
Additions	-	3,021	3,021
Balance, December 31, 2019	83,278	126,697	209,975
Balance, March 31, 2020	\$ 83,278	\$ 126,697	\$ 209,975

Accumulated amortization

	Field equipment	Furniture and office equipment	Total
Balance, December 31, 2018	\$ 81,322	\$ 121,448	\$ 202,770
Amortization	588	2,013	2,601
Balance, December 31, 2019	81,910	123,461	205,371
Amortization	147	203	350
Balance, March 31, 2020	\$ 82,057	\$ 123,664	\$ 205,721

Net book value

	Field equipment	Furniture and office equipment	Total
At December 31, 2019	\$ 1,368	\$ 3,236	\$ 4,604
At March 31, 2020	\$ 1,221	\$ 3,033	\$ 4,254

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Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

5. Mineral exploration expenditures

Exploration and acquisition costs for the years ended March 31, 2020 and March 31, 2019 are as follows:

	Tierra de Oro	Zulema	Nova Scotia	Total
Exploration				
Field costs	\$ -	\$ 16,324	\$ -	\$ 16,324
Exploration and acquisition costs 2019	\$ -	\$ 16,324	\$ -	\$ 16,324
Exploration				
Drilling	\$ -	\$ -	\$ -	\$ -
Field costs	-	16,099	-	16,099
Geological	-	-	-	-
Exploration and acquisition costs 2020	\$ -	\$ 16,099	\$ -	\$ 16,099

(a) Tierra de Oro, Chile

Tierra de Oro is an exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The Company owns a 100% interest in exploration concessions in Region III, Chile. See Note 1 for status of claims in Chile.

(b) Zulema also known as Chicharra Property, Chile

The Company owns 100% of the rights to certain exploitation concessions and certain exploration concessions in Region III, Chile.

The Company dropped all claims related to its Sierra pintada properties, and as a result the Company has no claims as of March 31, 2020 related to these properties. See Note 1 and 14 for status of claims in Chile.

(c) Lynn, Parrsboro and Bass River Properties, Canada

In 2016, the Company completed the acquisition of the Lynn, Parrsboro and Bass River Properties from Cogonov through the issuance of 2,050,000 shares (valued at \$2,767,500, based on the quoted price of the shares on the acquisition date). The deferred transaction advance received during the year ended December 31, 2015 was netted against the acquisition costs. The Lynn, Parrsboro and Bass River Properties are located in central Nova Scotia, Canada.

During the three months ended March 31, 2020, the Company has ceased its exploration efforts in Nova Scotia.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

5. Mineral exploration expenditures (continued)

In 2016, the Company entered into a non-binding letter of intent to joint venture its Bass River project in Nova Scotia with Tejas Gold Company ("Tejas"), a company whose CEO was a director of the Company. Tejas had until May 6, 2018 to earn a 35% working interest in the joint venture. To earn the interest Tejas would have been required to pay a non refundable deposit of USD \$25,000 (received during the year ended December 31, 2017), issue 25,000 common shares of Tejas stock (received during the year ended December 31, 2016 and valued at \$33,668 based on the price of a recent arm's length financing) and to expend \$400,000 in exploration work including drilling on Bass River. In addition, Tejas shall pay the Company a management fee of \$5,000 per month over the duration of the work program. During the period ended June 30, 2018, the Company agreed to the assignment by Tejas of the agreement to Highlander Resources Corp ("Highlander"). Subsequently in fiscal 2018, the Company concluded that it will not complete a joint venture with Highlander and has now abandoned these discussions. During the year ended December 31, 2018, the Company recorded an impairment on the Tejas stock for the full value of the carrying amount of \$33,668.

During the three months ended March 31, 2020, the Company has dropped the Economy East and the Elk Exploration options and is no longer pursuing exploration in Nova Scotia.

6. Debentures and loans

(a) On August 24, 2018, the Company issued \$250,000 of secured debentures with a maturity of August 25, 2019 to a shareholder of the Company. The debenture bears interest at 14% per annum payable up front, \$35,000 was paid as of December 31, 2018. In addition, a finance cost of \$15,000 was paid as of September 30, 2019. As at December 31, 2019 the debenture is due on demand. Subsequent to March 31, 2020, the debenture was extended to August 31, 2020.

The Company valued the debt component of the debentures by calculating the present value of the principal and interest, discounted at a rate of 23%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms. Based on this calculation, the liability component as at year end is \$271,553 (December 31, 2019 - \$262,370 net of transaction costs).

(b) On December 3, 2018, the Company issued \$206,250 secured debentures with a maturity of December 3, 2019; The debentures bear interest at 14% per annum payable up front, \$28,875 was paid as of December 31, 2018. As at December 31, 2019 the debenture is due on demand. Subsequent to March 31, 2020, the debenture was extended to August 31, 2020.

The Company valued the debt component of the debentures by calculating the present value of the principal and interest, discounted at a rate of 30%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms. Based on this calculation, the liability component as at year end is \$217,373 (December 31, 2019 - \$210,022 net of transaction costs).

All debentures were held with shareholders of the Company.

The debentures are secured against all assets of the Company.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

6. Debentures and loans (continued)

A reconciliation of the liability component of the debentures is as follows:

	March 31, 2020	Dec 31, 2019
Opening balance	\$ 472,392	\$ 386,009
Interest	16,533	86,383
Ending balance	\$ 488,925	\$ 472,392

7. Other liabilities

During the year ended December 31, 2017, the Company transferred \$69,554 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third party liabilities incurred prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's statement of financial position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's statement of financial position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

8. Issued capital

On May 18, 2018, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every four (4) pre-consolidation common shares. All applicable references to the number of shares, warrants and options, strike price and per share information has been restated to reflect the effect of the share consolidation, unless otherwise noted.

On July 3, 2019, the Company completed an additional share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every two point five (2.5) pre-consolidation common shares. All applicable references to the number of shares, warrants and options, strike price and per share information has been restated to reflect the effect of the share consolidation, unless otherwise noted.

a) Authorized share capital

At March 31, 2020, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of \$4.00 and Class B preference shares with a par value of \$20.00. The common shares do not have a par value.

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Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

8. Issued capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2018 and March 31, 2019	14,161,976	\$ 56,307,489
Balance, December 31, 2019 and March 31, 2020	14,161,976	\$ 56,307,489

9. Stock options

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2018	1,112,500	1.60
Expired	(50,000)	1.82
Balance, March 31, 2019	1,062,500	1.90
Balance, December 31, 2019 and March 31, 2020	261,000	1.54

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Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

9. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2020:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Number of options outstanding	Number of exercisable options
July 4, 2021	1.50	1.26	20,000	20,000
September 6, 2021	1.70	1.44	36,000	36,000
November 14, 2021	1.50	1.62	190,000	190,000
March 20, 2022	1.70	1.97	15,000	15,000
	1.54	1.57	261,000	261,000

10. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018 and March 31, 2019	14,040,625	1.45
Balance, December 31, 2019 and March 31, 2020	5,067,300	0.45

The following table reflects the actual warrants issued as of March 31, 2020:

Number of warrants outstanding	Grant date fair value (\$)	Exercise price (\$)	Expiry date	Remaining contract life (years)
1,682,334	241,761	0.45	June 8, 2023	3.19
3,384,966	486,439	0.45	June 8, 2023	3.19
5,067,300	728,200	0.45		3.19

11. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2020 was based on the loss attributable to common shareholders of \$227,984 (three months ended March 31, 2019 - \$217,703) and the weighted average number of common shares outstanding of 14,161,976 (three months ended March 31, 2019 - 14,161,976). Diluted loss per share did not include the effect of 261,000 options outstanding (three months ended March 31, 2019 - 1,062,500 options outstanding) or the effect of 5,067,300 warrants outstanding (three months ended March 31, 2019 - 14,040,625 warrants outstanding) as they are anti-dilutive.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

12. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at March 31, 2020, the directors and/or officers of the Company collectively control 1,126,842 (December 31 2019 - 1,126,842) common shares of the Company or approximately 8% (December 31, 2019 - 8%) of the total common shares outstanding and an insider of the Company controls 1,533,211 (December 31, 2019 - 1,533,211) common shares of the Company or approximately 11% (December 31, 2019 - 11%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

	Notes	Three months ended March 31,	
		2020	2019
Administration expense	(i)	\$ 50,000	\$ 50,000
Accounting expense	(ii)	\$ 13,723	\$ 11,499
Geological consulting expense	(iii)	\$ 16,000	\$ 16,000
Consulting expense	(iv)	\$ 31,250	\$ 31,250

(i) For the three months ended March 31, 2020, the Company incurred consulting fees from companies controlled by an officer and a director of \$50,000 (three months ended March 31, 2019 - \$50,000) recorded in administration fees.

(ii) For the three months ended March 31, 2020, the Company incurred accounting expenses from companies related to an officer of \$13,723 (three months ended March 31, 2019 - \$11,499) recorded in professional fees.

(iii) For the three months ended March 31, 2020, the Company incurred geological consulting expenses from a company controlled by a former officer of \$16,000 (three months ended March 31, 2019 - \$16,000) recorded in exploration expenditures and consulting fees.

(iv) For the three months ended March 31, 2020, the Company incurred consulting expenses from directors and company's controlled by directors of \$31,250 (three months ended March 31, 2019 - \$31,250) recorded in consulting fees.

(v) During the three months ended March 31, 2020, certain shareholders advanced \$45,000 to the Company. These amounts are due on demand and bear interest at 14% annually. Directors and officers represent \$241,000 of the advances made.

(vi) See note 6.

(vii) As at March 31, 2020, included in accounts payable and accrued liabilities is \$500,585 (December 31, 2019 - \$405,612) due to directors and key management.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

12. Related party balances and transactions (continued)

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended	
	March 31,	
	2020	2019
Fees charged:		
Directors	\$ 31,250	\$ 31,250
Chief Executive Officer and Director	50,000	50,000
Chief Financial Officer	13,723	11,499
Managing Director of Exploration	16,000	16,000
Total remuneration	\$ 110,973	\$ 108,749

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. The above noted transactions are in the normal course of business and approved by the Board of Directors.

13. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Chile. Geographical segmentation of the Company's non-current assets is as follows:

March 31, 2020	Canada	Chile	Total
Equipment	\$ -	\$ 4,254	\$ 4,254

December 31, 2019	Canada	Chile	Total
Equipment	\$ -	\$ 4,604	\$ 4,604

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

13. Segmented information (continued)

The following tables summarizes the net loss by geographic segment:

Three months ended March 31, 2020	Canada	Chile	Total
Administrative expenses			
Administration fees	\$ 83,978	\$ 3,075	\$ 87,053
Amortization	-	350	350
Bank and interest charges	38,321	141	38,462
Exploration acquisition costs	-	16,099	16,099
Foreign exchange loss	12,517	-	12,517
Investor relations	28,125	-	28,125
Office and miscellaneous	352	1,420	1,772
Professional fees	32,467	1,869	34,336
Transfer agent and regulatory	2,817	-	2,817
Travel, promotion and mining shows	6,453	-	6,453
Net operating loss before other items	(205,030)	(22,954)	(227,984)
Other items			
Net loss and comprehensive loss for the period	\$ (205,030)	\$ (22,954)	\$ (227,984)

Three months ended March 31, 2019	Canada	Chile	Total
Administrative expenses			
Administration fees	\$ 75,000	\$ 3,075	\$ 78,075
Amortization	-	315	315
Bank and interest charges	22,894	268	23,162
Exploration acquisition costs	-	16,324	16,324
Foreign exchange loss	2,053	-	2,053
Investor relations	55,769	-	55,769
Office and miscellaneous	3,060	982	4,042
Professional fees	30,044	-	30,044
Transfer agent and regulatory	7,775	-	7,775
Travel, promotion and mining shows	144	-	144
Net operating loss before other items	\$ (196,739)	\$ (20,964)	\$ (217,703)
Other items			
Net loss and comprehensive loss for the period	\$ (196,739)	\$ (20,964)	\$ (217,703)

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

14. Commitments and contingencies

Consulting

The Company has entered into a consulting agreement with a company controlled by Directors and Officers of the Company. The obligation under these agreements amounts to \$350,000 per year. The Company has committed to these payments for the 2020 fiscal year.

Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company has not fully met all of its expenditure commitments for previous flow-through financings. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these consolidated financial statements related to this contingency as various triggering events have not taken place.

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

Property taxes

As at March 31, 2020, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 539,000,000 Chilean Pesos (\$954,000) (December 31, 2019 - 444,000 Chilean Pesos (\$874,000)) which has been included in accounts payable and accrued liabilities as at March 31, 2020 and 2017. In the event that the claims are put up for tax auction, the Company will have a notice period to make the payment for the portion of this amount required. The property tax commitment for 2020 fiscal year is \$104,000,000 Chilean Pesos (\$184,000). See note 1 for status of property taxes owing in Chile.

15. Subsequent events

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

Subsequent to March 31, 2020, the Company signed a \$4.5 million funding term sheet for the creation of a joint venture vehicle with ASX and AIM-listed Aura Energy Limited ("Aura") for its gold, base and battery metal tenements in Mauritania.

CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

15. Subsequent events (continued)

The transaction, which remains subject to due diligence, will see Aura progressively vend its Mauritanian gold and base metal licences into a joint venture vehicle (PubCo) with Chilean contributing four scheduled payments totalling \$4.5 million before October 2021. The third and fourth Chilean payments will be at the Company's election.

At that time Aura will own 50% of the vehicle and Chilean will own 50%. Aura will also receive 1,000,000 shares in Chilean Metals as part of the transaction, subject to Chilean's receipt of TSX Venture Exchange approval. Chilean may source the required funding from its own corporate sources or individual investors with the payment schedule by Chilean into the new vehicle as follows:

- \$1.5 million - Before 31st August 2020 (on definitive agreement execution)
- \$1.0 million - 30 January 2021 (or sooner)
- \$1.0 million - 1 June 2021 (at Chilean's election)
- \$1.0 million - 1 October 2021 (at Chilean's election)

Other key terms of the agreement are:

- Chilean pay \$4.5 million before October 2021 into a JV vehicle
- Aura contribute 100% of its gold and base metal tenements
- Aura receive 1,000,000 shares in Chilean Metals
- Aura and Chilean will hold 50% each in the JV vehicle
- Aura will hold 3 board seats in the vehicle and Chilean 2 board seats
- It is intended the new vehicle will be listed on the TSXV exchange
- Aura will provide the management and technical team for the vehicle
- Aura will receive a mutually agreed management fee for operating the vehicle

The deal remains subject to due diligence and will remain non-binding until the definitive agreement is executed.

Aura and Chilean will now move to finalise a definitive agreement for the transaction no later than August 31 2020. As of the date of this report, this transaction has not closed.

Subsequent to March 31, 2020, the Company received \$153,000 in additional advances from a shareholder. These amounts are due on demand and bear interest at 14% annually.